
LOAN NUMBER 2555-BAN(SF)

LOAN AGREEMENT
(Special Operations)

(Urban Public and Environmental Health Sector Development Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 14 OCTOBER 2009

LAS:BAN 39305

**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 14 October 2009 between the PEOPLE'S REPUBLIC OF BANGLADESH ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Borrower has also applied to ADB for a loan from its Special Funds resources in connection with the Urban Public and Environmental Health Sector Development Program ("Program") and by an agreement of even date herewith ("Program Loan Agreement"), ADB has agreed to provide a loan to the Borrower from ADB's Special Fund resources in an amount in various currencies equivalent to forty four million eight hundred ninety five thousand Special Drawing Rights (SDR 44,895,000);

(C) the Project will be carried out jointly by (i) the City Corporations (as defined in the Program Loan Agreement); and (ii) LGD (as defined in the Program Loan Agreement), and for this purpose the Borrower shall make available to the City Corporations and LGD the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB;

(D) the Borrower has also applied to ADB for technical assistance for capacity development for urban public and environmental health, which ADB has agreed to finance on a grant basis in conjunction with the Project in an aggregate amount of five hundred thousand Dollars (\$500,000) from its technical assistance funding program; and

(E) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and the City Corporations;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. The definitions set forth in the Loan Regulations, and the Program Loan Agreement are applicable to this Loan Agreement, unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "Consulting Guidelines" means Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2007, as amended from time to time);

(b) "EMP" means the environmental management plan prepared for the Project and set out in the IEE;

(c) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding consulting services;

(d) "IEE" means the initial environmental examination report prepared for the Project by the Borrower and approved by ADB;

(e) "Procurement Guidelines" means ADB's Procurement Guidelines (2007, as amended from time to time);

(f) "Procurement Plan" means the procurement plan for the Project dated 26 August 2009 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(g) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means MOLGRDC acting through LGD, or any legal successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(h) "Resettlement Framework" means the resettlement framework prepared for the Project by the Borrower and approved by ADB; and

(i) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding consulting services.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to thirty eight million four hundred eighty two thousand Special Drawing Rights (SDR 38,482,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period, and 1.5% per annum thereafter,

on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in paragraph (a) of this Section means the period prior to payment of the first principal amount of the Loan on the payment date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 June and 15 December in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be the Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall, upon terms and conditions satisfactory to ADB, make the proceeds of the Loan available, through timely budget allocations, to:

(a) the City Corporations for the purpose of carrying out their respective parts of the Project, and cause the City Corporations to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement; and

(b) LGD for the purpose of carrying out its part of the Project, and cause LGD to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The Goods, Works and consulting services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among different categories of such Goods, Works and consulting services and other items of expenditure shall be in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Withdrawals from the Loan Account in respect of Goods, Works and consulting services shall be made only on account of expenditures relating to

- (a) Goods which are produced in and supplied from and services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and
- (b) Goods, Works and consulting services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.04. Except as ADB may otherwise agree, all Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2017 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works financed out of the proceeds of the Loan, and any relevant records and documents.

Section 4.03. The Borrower shall take all action which shall be necessary on its part to enable the City Corporations to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.04. (a) The Borrower shall cause LGD to (i) maintain separate accounts for the Project and for its overall operations; (ii) have such accounts and related financial statements (balance sheet, statement of income and expenses, and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; and (iii) furnish to ADB, promptly after their preparation but in any event not later than 6 months after the close of the fiscal year to which they relate, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest account and statement of expenditures), all in the English language. The Borrower shall cause LGD to furnish to ADB such further information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall cause LGD, upon ADB's request, to enable ADB to discuss LGD's financial statements and financial affairs from time to time with the auditors, appointed by LGD pursuant to Section 4.04(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of LGD unless LGD shall otherwise agree.

Section 4.05. (a) The Borrower shall exercise its rights under the financing arrangements with the City Corporations and otherwise in such a manner as to protect the interests of the Borrower and ADB, accomplish the purposes of the Loan, and to enable the City Corporations to discharge their obligations under the Project Agreement in a prompt and efficient manner.

(b) No rights or obligations under the financing arrangements shall be assigned, amended, or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: the Borrower shall have failed to perform any of its obligations under the Program Loan Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the Program Loan Agreement has been duly authorized or ratified by, executed and delivered on behalf of, the Borrower, and is legally binding upon the Borrower in accordance with its terms, and all conditions precedent to its effectiveness other than the condition requiring the effectiveness of this Loan Agreement shall have been fulfilled.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: the Program Loan Agreement has been duly authorized or ratified by, executed and delivered on behalf of, the Borrower, and is legally binding upon the Borrower in accordance with its terms.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. Each of the Secretary, Additional Secretary, Joint Secretary, Joint Chief, Deputy Secretary, Deputy Chief, Senior Assistant Secretary, Senior Assistant Chief, Assistant Secretary, and Assistant Chief of the Economic Relations Division, Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Economic Relations Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Sher-e-Bangla Nagar
Dhaka 1207
Bangladesh

Facsimile Number:

880 2 811 3088

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Facsimile Numbers:

632 636 2444
632 636 2293.

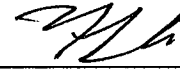
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

PEOPLE'S REPUBLIC OF
BANGLADESH



By _____
M MUSHARRAF HOSSAIN BHUIYAN
Secretary
Economic Relations Division
Ministry of Finance

ASIAN DEVELOPMENT BANK



By _____
MD. NURUL HUDA
Officer-in-Charge
Bangladesh Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to improve access to, and use of, effective, efficient and sustainable quality urban public and environmental health systems and practices in the city corporations of Barisal, Chittagong, Dhaka, Khulna, Rajshahi, and Sylhet by (i) improving municipal solid waste and medical waste management; (ii) improving food safety; and (iii) enhancing capacity of LGD and the City Corporations for public and environment health.

2. The Project shall consist of the following:

Part A: Solid Waste Management

- (i) Improving efficiency of municipal solid waste management services, including primary collection for the urban poor, secondary collection and transportation, and integrated waste treatment facilities; and
- (ii) Establishing sound and effective medical waste management with private sector participation in the City Corporations.

Part B: Food Safety

- (i) Establishing a food laboratory in Chittagong;
- (ii) Strengthening the existing food laboratory in Dhaka, and establishing a training center in the food laboratory in Dhaka; and
- (iii) Constructing and establishing modern slaughterhouses in each of the City Corporations.

Part C: Program Management, Institutional Support and Capacity Development

- (i) Providing consulting services to support UPEHU in the Program and Project implementation and management;
- (ii) Providing consulting services to strengthen financial management systems and municipal finances of the City Corporations; and
- (iii) Providing support for policy reform and capacity development.

3. The Project is expected to be completed by 31 December 2016.

SCHEDULE 2**Amortization Schedule****(Urban Public and Environmental Health Sector Development Project)**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15-Dec-2017	801,708
15-Jun-2018	801,708
15-Dec-2018	801,708
15-Jun-2019	801,708
15-Dec-2019	801,708
15-Jun-2020	801,708
15-Dec-2020	801,708
15-Jun-2021	801,708
15-Dec-2021	801,708
15-Jun-2022	801,708
15-Dec-2022	801,708
15-Jun-2023	801,708
15-Dec-2023	801,708
15-Jun-2024	801,708
15-Dec-2024	801,708
15-Jun-2025	801,708
15-Dec-2025	801,708
15-Jun-2026	801,708
15-Dec-2026	801,708
15-Jun-2027	801,708
15-Dec-2027	801,708
15-Jun-2028	801,708
15-Dec-2028	801,708
15-Jun-2029	801,708
15-Dec-2029	801,708
15-Jun-2030	801,708
15-Dec-2030	801,708
15-Jun-2031	801,708
15-Dec-2031	801,708
15-Jun-2032	801,708
15-Dec-2032	801,708
15-Jun-2033	801,708
15-Dec-2033	801,708
15-Jun-2034	801,708
15-Dec-2034	801,708
15-Jun-2035	801,708
15-Dec-2035	801,708
15-Jun-2036	801,708
15-Dec-2036	801,708

Schedule 2

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15-Jun-2037	801,708
15-Dec-2037	801,708
15-Jun-2038	801,708
15-Dec-2038	801,708
15-Jun-2039	801,708
15-Dec-2039	801,708
15-Jun-2040	801,708
15-Dec-2040	801,708
15-Jun-2041	801,724
Total	38,482,000

* The figures in this column represent SDR equivalents determined as of the respective dates of withdrawal. The arrangements for payment of each maturity are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3**Allocation and Withdrawal of Loan Proceeds**General

1. The table attached to this Schedule sets forth the Categories of Goods, Works, consulting services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category (Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table).

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories listed in the Table shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

Interest Charge

3. The amount allocated to Category 10 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds for financing Goods, Works, consulting services and other items shall be disbursed in accordance with ADB's "Loan Disbursement Handbook" dated January 2007 (ADB's Loan Disbursement Handbook), as amended from time to time.

Imprest Accounts: Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall establish, or cause to be established, immediately after the Effective Date, (i) a first generation imprest account for LGD at the Bangladesh Bank, and (ii) second generation imprest accounts (operating accounts) for each of the City Corporations at commercial banks acceptable to ADB. The imprest accounts shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. The currency of the first generation imprest account shall be the Dollar, and the currency of the second generation imprest accounts (operating accounts) shall be the Taka. The aggregate initial amount to be deposited into the imprest accounts collectively shall not exceed the lower of (i) the estimated expenditure to be financed from the imprest accounts for the first 6 months of Project implementation, or (ii) the equivalent of 10% of the Loan amount.

(b) The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the SOE procedure shall not exceed the equivalent of \$100,000.

Retroactive Financing

7. Withdrawals from the Loan Account may be made for reimbursement of reasonable expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with procurement of Goods and Works, and consulting services, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Urban Public and Environmental Health Sector Development Project)			
CATEGORY			ADB FINANCING
Number	Item	Amount Allocated SDR Category	Percentage and Basis for Withdrawal from the Loan Account
1	Civil Works	9,768,000	65% of total expenditure claimed
2	Equipment, Software and Vehicles	9,775,000	100% of total expenditure claimed*
3	Capacity Development	1,456,000	100% of total expenditure claimed*
4	Consultant Services	3,938,000	100% of total expenditure claimed*
5	Advocacy Campaigns and Community Participation	731,000	100% of total expenditure claimed*
6	Supplies and Materials	699,000	100% of total expenditure claimed*
7	Service Delivery	7,010,000	100% of total expenditure claimed*
8	Surveys, Monitoring & Evaluation and Pro-poor Targeting	545,000	100% of total expenditure claimed*
9	Project Management Operating Costs	956,000	100% of total expenditure claimed*
10	Interest Charge	1,552,000	100% of amount due
11	Unallocated	2,052,000	
	TOTAL	38,482,000	

*Exclusive of taxes and duties imposed within the territory of the Borrower.

SCHEDULE 4

Procurement of Goods and Works, and Consulting Services

A. General

1. All Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

B. Procurement for Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:

International Competitive Bidding
Limited International Bidding
National Competitive Bidding
Shopping

The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

4. Domestic Preference. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods and paragraphs 2.55(b) and 2.56 of the Procurement Guidelines for domestic Works.
5. National Competitive Bidding. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures, in particular the Borrower's Public Procurement Rules, 2008, are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after written approval of such change by the Borrower and ADB.

C. Conditions for Award of Contract

6. The Borrower shall not award any Works contracts in relation to a subproject unless (i) a resettlement plan has been prepared for each subproject involving land acquisition or involuntary resettlement in accordance with the Resettlement Framework and submitted to ADB for approval; (ii) resettlement plans for sample subprojects have been

updated after detailed design and submitted to ADB for approval; (iii) the affected people have been compensated in accordance with the terms of the resettlement plans; and (iv) all government environmental clearances have been obtained and the IEE has been submitted to ADB for approval.

D. Selection of Consulting Services

7. Quality- and Cost-Based Selection. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the Borrower shall apply quality- and cost-based selection for selecting and engaging consulting services.

8. The Borrower shall recruit the individual consultants on as needed basis in respect of Part C of the Project in accordance with procedures acceptable to ADB for recruiting individual consultants.

E. Industrial or Intellectual Property Rights

9. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

10. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

F. ADB's Review of Procurement Decisions

11. All contracts procured under international competitive bidding procedures, national competitive bidding procedures, and contracts for consulting services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

Execution of Project and Operation of Project Facilities; Financial Matters

Implementation Arrangements

1. MOLGRDC acting through LGD, in its capacity as the Project Executing Agency, shall be responsible for overall execution, coordination, and supervision of the Project. LGD, through UPEHU and the City Corporations, shall jointly implement the Project.
2. The UPEHU, NPSC, NUPEHC and CCPIUs established under the Program shall undertake their respective roles and functions, described in paragraphs 2 to 8 of Schedule 5 to the Program Loan Agreement, in respect of the Project.
3. The Borrower shall ensure that all its ministries, agencies, divisions, local government authorities involved in the implementation of the Project extend their full cooperation to ensure smooth implementation of the Project, including but not limited to assignment of qualified staff and provision of the necessary financial, technical and other resources.

Training

4. The Borrower shall ensure that the management capacity of UPEHU is strengthened with qualified staff having appropriate education and job experience, and that such staff is allowed to actively attend trainings to enhance their capacity.
5. The Borrower shall ensure that the selection criteria for any local and international training or study tours is objective and transparent, and acceptable to ADB.
6. The Borrower shall ensure that the beneficiaries of foreign training under the Project continue their services in the same or similar role in the Project implementation for at least 1 year upon completion of their training.

Counterpart Funds

7. The Borrower shall ensure timely provision of counterpart funds for the Project by making timely submission of annual budgetary appropriation requests and ensuring prompt disbursement of appropriated funds during each year of the Project implementation.

Resettlement

8. The Borrower, LGD, and the City Corporations shall ensure that: (i) any involuntary resettlement is carried out in accordance with the Borrower's policy, law and regulation on involuntary resettlement, ADB's *Involuntary Resettlement Policy* (1995), the Resettlement Framework, and the resettlement plans approved by ADB; (ii) for any subproject with resettlement impacts, a resettlement plan is prepared based on the Resettlement Framework, and submitted to ADB for approval; (iii) the resettlement plan (and

its updates, if any) is disclosed to all affected people and other stakeholders; (iv) sample resettlement plans are updated once the detailed designs are completed; (v) all land, property and right-of-way required for any part of the Project is acquired only after compensations have been paid to affected people prior to displacement or dispossession from their land, property or assets; (vi) sufficient budgetary allocations are made in a timely manner to implement land acquisition and resettlement activities under the Project; and (vii) land acquisition and resettlement monitoring reports are prepared and submitted every quarter to ADB for review.

Environment

9. The Borrower, LGD, and the City Corporations shall ensure that: (i) the design, construction, operation, and implementation of the Project are carried out in accordance with the Borrower's environmental policy, law and regulation, ADB's *Environment Policy* (2002), the IEE and the environmental assessment and review framework agreed between the Borrower and ADB; (ii) where proposed infrastructure facilities are to be located on former dump sites, a detailed study of environmental contamination, exposure pathways, and health implications to receptors is conducted during feasibility stage before detailed design; (iii) all slaughterhouses include a comprehensive on- and off-site waste management and treatment system; (iv) the environmental mitigation and monitoring measures specified in the EMP finalized during detailed design, as approved by ADB, are incorporated in bidding documents and the Works contracts; (v) all mitigation measures and monitoring requirements set out in the EMP are implemented and closely supervised throughout the implementation of the Project; and (vi) the Project performance with respect to EMP implementation and compliance with related Loan covenants is monitored, and a monitoring report is submitted to ADB semi-annually.

Indigenous Peoples

10. In the event any part of the Project is found to have an impact on indigenous peoples or ethnic minorities, the Borrower shall (i) formulate an indigenous peoples development plan based on the Borrower's applicable policy, law, and regulation and ADB's *Policy on Indigenous Peoples* (1998); (ii) submit the indigenous peoples development plan to ADB for review and approval before commencing any activity related to such subproject; and (iii) implement the indigenous peoples development plan in accordance with its terms.

Gender Action Plan

11. The Borrower shall ensure that the Project is carried out in accordance with the gender action plan prepared for the Project by the Borrower, and approved by ADB, and ensure that key gender outcome and output targets are monitored regularly and achieved.

Grievance Redress Mechanism

12. Within 1 year of the Effective Date, the Borrower shall, through LGD, cause UPEHU to establish a grievance redress mechanism, acceptable to ADB, and appoint a nodal officer (deputy Program director, Project implementation) at UPEHU to receive and resolve any complaints and grievances, and act upon reports from stakeholders on any misuse of funds and other irregularities, including grievances due to resettlement.

Schedule 5

13. UPEHU shall (i) make public aware of the existence of the grievance redressal mechanism through public awareness campaign; (ii) review and address complaints and grievances of stakeholders in relation to the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (iii) proactively and constructively respond to such complaints and grievances.

Anticorruption

14. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project.

15. Within 9 months of the Effective Date, LGD shall cause UPEHU to create a web site to disclose information about various matters on the Project including procurement related information such as list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods and/or services procured.

Health

16. The Borrower shall ensure that (i) the civil works contractors comply with all applicable labor, health, and safety laws and regulations of the Borrower and, in particular (a) do not employ child labor for construction and maintenance activities, and (b) provide appropriate facilities (latrines, etc.) for workers at construction sites; (ii) the civil works contractors do not differentiate wages between men and women for work of equal value; and (iii) specific clauses are included in bidding documents to ensure adherence to these provisions, and that compliance is strictly monitored during Project implementation.

Urban Primary Health Care Sustainability Fund

17. The Borrower shall ensure that the urban primary health care sustainability fund is funded and operationalized effectively, and that the benefits from the fund accrue to the very poor.

Project Performance Monitoring and Evaluation

18. Within 12 months of the Effective Date, LGD, through UPEHU, shall (i) develop a Project performance monitoring and evaluation system acceptable to ADB; and (ii) conduct an initial baseline physical and socioeconomic survey and develop a set of indicators relating to, amongst others, the status of solid waste management, medical waste, food safety, the number of participants in awareness campaigns and community participation, incidence of waterborne diseases, improvements in municipal finance, effectiveness of policy reforms, and impact on poor and women. Thereafter, LGD, through UPEHU, shall (a) submit quarterly and annual reports to ADB throughout the Project implementation period; and (b) submit Project completion report to ADB with 3 months of the completion of Project implementation.

Review

19. The Borrower and ADB shall review the implementation of the Project every 6 months and at the end of the Project implementation. The semiannual reviews of the Project shall include, among others, an examination of budgetary allocations for the Project, operation and maintenance costs, staffing and other incremental recurrent costs, implementation arrangements and achievements under the Project. The Borrower and ADB shall also undertake a mid-term review before the release of the Third Tranche to identify problems and constraints encountered during the first half of the Project and to adjust the design and the Project framework or take remedial actions as required.